

ENTERPRISE CORPORATION OF THE DELTA

**Financial Schedules and Independent
Auditors' Reports Under OMB Circular A-133**

Year Ended December 31, 2008

Enterprise Corporation of the Delta

Table of Contents December 31, 2008

Independent Auditors' Report on the Financial Schedule of Federal Expenditures in Accordance with OMB Circular A-133	1 - 2
Schedule of Expenditures of Federal Awards	3
Notes to Schedule of Expenditures of Federal Awards	4
Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of a Financial Statement Performed in Accordance with <u>Government Auditing Standards</u>	5 - 6
Report of Independent Certified Public Accountants on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	7 - 8
Schedule of Findings and Questioned Cost	9 - 11

**INDEPENDENT AUDITORS' REPORT
ON THE FINANCIAL SCHEDULE OF FEDERAL
EXPENDITURES IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Enterprise Corporation of the Delta
Ridgeland, Mississippi

We have audited the accompanying schedule of expenditures of federal awards for the Enterprise Corporation of the Delta (ECD) for the year ended December 31, 2008. This financial statement is the responsibility of ECD's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of expenditures of federal awards referred to above presents fairly, in all material respects, the expenditures of federal awards of ECD for the year ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

We have also audited the financial statements of ECD as of and for the year ended December 31, 2008 and have issued our report thereon dated April 8, 2009. Subsequently, we were engaged to audit the accompanying schedule of federal expenditures on a stand-alone basis to comply with the requirements of OMB Circular A-133.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2010 on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, as it relates to our audit of the financial statement of Enterprise Corporation of the Delta for the year ended December 31, 2008. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Can, Rigg & Ingram, LLC

Ridgeland, Mississippi
December 2, 2010

Enterprise Corporation of the Delta

Schedule of Expenditures of Federal Awards for Year Ended December 31, 2008

Federal Grantor / Program Name	CFDA Number	Expenditures
U.S. Department of Housing and Urban Development:		
Community Development Block Grants - Entitlement Grants/Passed Through		
Louisiana Economic Development BRGL Phase II Program	14.228	\$ 5,171,900
Total U.S. Department of Housing and Urban Development		5,171,900
U.S. Environmental Protection Agency:		
Brownsfield Technical Training	66.814	150,597
Total U.S. Environmental Protection Agency		150,597
Total Federal Awards		\$ 5,322,497

See accompanying notes to financial statement.

Enterprise Corporation of the Delta

Notes to the Schedule of Expenditures of Federal Awards for Year Ended December 31, 2008

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule includes all federal programs administered by the Enterprise Corporation of the Delta. Federal programs included in the accompanying schedule are accounted for by using the accrual basis of accounting, whereby revenues are recognized in the accounting period in which they are earned and expenses are recognized when services or benefits are received. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF A FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Board of Directors
Enterprise Corporation of the Delta
Ridgeland, Mississippi

We have audited the schedule of expenditures of federal awards of Enterprise Corporation of the Delta ("the Company") as of and for the year ended December 31, 2008, and have issued our report thereon dated December 2, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statement will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However,

Providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Enterprise Corporation of the Delta's responses to the findings identified in our audit are described in the accompanying auditee's corrective action plan section. We did not audit the company's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management, board of directors of the Company, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Can, Riggs & Ingram, PC

Ridgeland, Mississippi
December 2, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

To the Board of Directors
Enterprise Corporation of the Delta
Ridgeland, Mississippi

Compliance

We have audited the compliance of Enterprise Corporation of the Delta ("the Company") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2008. The Company's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Company's compliance with those requirements.

In our opinion, the Company complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in Section III of the accompanying Schedule of Findings and Questioned Costs.

Internal Control Over Compliance

The management of the Company is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the

Company's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in Section III of the accompanying schedule of findings and questioned costs. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

This report is intended solely for the information and use of the management and board of directors of the Company, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Car. Riggs & Ingram, LLC

Ridgeland, Mississippi
December 2, 2010

Enterprise Corporation of the Delta

Schedule of Findings and Questioned Costs

For the year ended December 31, 2008

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified
not considered to be material weakness(es)? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness identified? No

Significant deficiency(ies) identified
not considered to be material weakness(es)? Yes

Type of auditors' report issued on compliance
for programs audited: Unqualified

Any audit findings disclosed that are required to be reported in
accordance with Circular A-133 (section .510 (a))? No

Identification of program(s) audited:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster Number</i>
14.228	Community Development Block Grant "CDBG"

Section II – Financial Statement Findings

No items were reported.

Section III – Federal Award Findings and Questioned Costs

See following page.

Section IV – Prior Year Federal Award Findings and Questioned Costs

No items were reported.

Enterprise Corporation of the Delta

Schedule of Findings and Questioned Costs

For the year ended December 31, 2008

Section III - Federal Award Findings and Questioned Costs

2008-01: Internal Control over Cash Management

Finding Type: Significant Deficiency and Immaterial Noncompliance

Program Tested: Community Development Block Grant "CDBG" Pass-through Louisiana Economic Development (U.S. Department of Housing and Urban Development - CFDA #14.228)

Questioned Cost: Unknown

Criteria

In accordance with the requirements for cash management contained in the A-102 Common Rule, OMB Circular A-110 (2 CFR section 215.22), Treasury regulations at 31 CFR part 205, program legislation, federal awarding agency regulations, and the terms and conditions of the award, when funds are advanced, recipients must follow procedures to deposit the funds in a non-interest bearing account.

Condition and Cause

Pursuant to the terms of the CDBG grant awarded by the Louisiana Economic Development to Enterprise Corporation of the Delta, the cash advance method was allowed under the terms that ECD maintain a non-interest bearing bank account.

During our testing of the cash draw downs, we found the cash advanced was deposited into an interest bearing account. This resulted in interest earned on federal funds that were not allowed to be earned by the Company.

Effect

Failure to establish formalized procedures between transfer of funds and disbursement could result in a material noncompliance finding and subject ECD to liabilities related to the return of earned interest.

Recommendation

We recommend that Enterprise Corp. of the Delta implement additional control procedures to ensure that advances are deposited into a non-interest bearing account.

Name(s) of Contact Person(s) Responsible for Corrective Action:

Mike Wilbanks

Enterprise Corporation of the Delta

Schedule of Findings and Questioned Costs

For the year ended December 31, 2008

Management Response and Corrective Action Planned:

This error occurred because funds were drawn down into an interest bearing account. We have revised our policy so that all funds are being deposited into a non-interest bearing account. Management also intends to pay any interest earned back to The Louisiana Economic Development.

Anticipated Completion Date:

December 31, 2010